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United Nations

Report of the Committee on Contributions

Sixty-second session (3-21 June 2002)

General Assembly
Official Records
Fifty-seventh Session
Supplement No. 11 (A/57/11)

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I. Attendance

1. The sixty-second session of the Committee on Contributions was held at United Nations Headquarters from 3 to 21 June 2002. The following members were present: Kenshiro Akimoto, Alvaro Gurgel de Alencar, Petru Dumitriu, Henry S. Fox, Chinmaya R. Gharekhan, Bernardo Greiver, Hassan M. Hassan, Ihor V. Humenny, Eduardo Iglesias, Omar Kadiri, Gebhard B. Kandanga, David A. Leis, Hae-yun Park, Eduardo Ramos, Ugo Sessi, Michel Tilemans and Wu Gang. Mr. Sergei I. Mareyev was not able to attend.

2. The Committee observed a moment of silence in honour of the late Angel Marrón. The Committee noted that the Chairman had conveyed its condolences to the Permanent Representative of Spain on the sad and untimely loss of Mr. Marrón and members paid tribute to his great contribution to the Committee.

3. The Committee elected Mr. Sessi as Chairman and Mr. Gharekhan as Vice-Chairman.

II. Terms of reference

4. The Committee conducted its work on the basis of its general mandate, as contained in rule 160 of the rules of procedure of the General Assembly; the original terms of reference of the Committee contained in chapter IX, section 2, paragraphs 13 and 14, of the report of the Preparatory Commission (PC/20) and in the report of the Fifth Committee (A/44), adopted during the first part of the first session of the General Assembly on 13 February 1946 (resolution 14 (I) A, para. 3); and the mandate contained in subsequent Assembly resolutions, including 46/221 B of 20 December 1991, 53/36 D of 18 December 1998, 54/237 B and C of 23 December 1999, 55/5 A of 26 October 2000, 55/5 B and D of 23 December 2000, 56/240 C and E of 27 March 2002, 56/243 A of 24 December 2001 and 56/243 B of 27 March 2002.

5. The Committee had before it the summary records of the Fifth Committee at the fifty-sixth session of the General Assembly relating to agenda item 125, entitled "Scale of assessments for the apportionment of the expenses of the United Nations" (see A/C.5/56/SR.8, 10, 13 and 39); the relevant reports of the Fifth Committee to the General Assembly (A/56/728 and Add.1); and the verbatim record of the 92nd plenary meeting of the General Assembly at its fifty-sixth session (A/56/PV.92).

III. Methodology for the preparation of future scales of assessments

6. The Committee recalled that, in its resolution 55/5 B, the General Assembly decided, inter alia, that the elements of the scale of assessments contained in its paragraph 1 would be fixed until 2006. In the light of that decision, the Committee focused its attention on other technical issues related to the scale of assessments.

A. System of national accounts

7. The Committee was briefed on progress in the implementation of the 1993 System of National Accounts (SNA). The Committee noted that the number of Member States that have implemented the 1993 SNA had risen from 47 in May 2000 to 80 in May 2002. In terms of their share of total gross national income (GNI), their share had risen from 40 per cent in 2000 to 87 per cent in 2002 — due in large measure to the inclusion of Japan and the United States of America.

8. The Committee also noted that the concept of gross national product (GNP) under the 1968 SNA had been renamed GNI under the 1993 SNA. The use of the term GNI, which will be used for the scale in future, is a terminological refinement and does not entail any change in the actual coverage of the concept.

B. Availability of data for the next scale

9. Some members asked whether the Committee would have data for 2002 when it considered the next scale in 2003. The Committee noted that, given the timing of the dispatch and processing of the national accounts questionnaire and available resources, it would be difficult to provide comprehensive information beyond 2001 for the Committee's next session. Nevertheless, it noted that exchange rate data for 2002 would be available.

C. Conversion rates

10. The Committee recalled that one of the elements of the scale methodology for the current scale, as well as the next scale, was that conversion rates used should be based on market exchange rates (MERs), except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange (PAREs) or other appropriate conversion rates should be employed, taking due account of General Assembly resolution 46/221 B.

11. At its recent sessions, the Committee has considered a proposal by the Statistical Division of the United Nations Secretariat for the implementation of a revised approach to PARE. At its sixty-first session, the Committee decided to consider the revised PARE method further at its sixty-second session, with a view to agreeing on an approach, for the next scale, to the issue of identifying excessive fluctuations or distortions in income expressed in United States dollars caused by the use of MERs, and to choosing the most appropriate conversion rate. In this connection, the Committee requested the Statistical Division to provide a further report on the subject, including on approaches to special cases for which both PARE methods had limitations.

12. The Committee considered the issue of conversion rates, including a further report on the revised PARE methodology. The report elaborated the proposal further and made a number of proposals for deciding on which MERs should be replaced and which alternative rates should be used. Alternative approaches were suggested for special cases, such as Member States whose MERs are fixed for long periods of time.

13. The Committee concluded that the new approach still needed further consideration. At the same time, the Committee felt that it could perhaps be used as an initial screening and analytical tool for identifying Member States whose MERs should be replaced for the purpose of preparing the next scale of assessments. The Committee decided to consider the matter further at a future session in the light of its practical experience with this approach.

IV. Measures to encourage the timely, full and unconditional payment of assessed contributions, including multi-year payment plans

14. During its sixty-first session, the Committee on Contributions had considered a number of proposals for measures to encourage the timely, full and unconditional payment of assessed contributions, including multi-year payment plans. It decided to consider a number of these further, including multi-year payment plans, the imposition of indexation of or interest on arrears and the proposal to credit surplus balances only to Member States that are current with their financial obligations to the Organization. In this connection, the Committee recalled its conclusions and recommendations concerning general issues related to the implementation of measures to encourage the timely, full and unconditional payment of assessed contributions.[1] The Committee noted that it had considered a number of other possible measures at earlier sessions but decided not to consider them further at the current session for various reasons, including reservations expressed at earlier sessions and the need for guidance or further mandates from the General Assembly.

15. In reviewing this question, the Committee considered the report of the Secretary-General on multi-year payment plans (A/57/65) submitted pursuant to resolution 56/243 A. It was also provided with a copy of the Secretary-General's report on measures to encourage Member States in arrears to reduce and eventually pay their arrears (A/57/76).

A. Multi-year payment plans

16. In its resolution 56/243 A of 24 December 2001, the General Assembly, inter alia, recognized that multi-year payment plans, subject to careful formulation, could be helpful in allowing Member States to demonstrate their commitment under Article 19 of the Charter of the United Nations to pay their arrears, thereby facilitating consideration of applications for exemption by the Committee on Contributions, and requested the Secretary-General to propose guidelines for such multi-year payment plans through the Committee on Contributions.

Conclusions and recommendations

17. After reviewing the Secretary-General's report (A/57/65), the Committee agreed that Member States should be encouraged to submit multi-year payment plans, which constitute a useful tool for reducing their unpaid assessed contributions and a way for them to demonstrate their commitment to meeting their financial obligations to the United Nations.

18. The Committee recognized in that regard that due consideration should be given to the economic position of Member States, as not all of them might be in a position to submit such plans.

19. The Committee also recommended that multi-year payment plans should remain voluntary and should not be automatically linked to other measures.

20. The Committee further recommended that Member States considering a multi-year payment plan should submit the plan to the Secretary-General for the information of other Member States and should be encouraged to consult the Secretariat for advice in its preparation. In that context, it was suggested that:

(a) The plans should provide for payment each year of the Member State's current year assessments and a part of its arrears;

(b) Where possible, the plans should generally provide for elimination of a Member State's arrears within a period of up to six years.

21. The Committee recommended that the Secretary-General should be requested to provide information on the submission of such plans to the General Assembly, through the Committee on Contributions.

22. The Committee also recommended that the Secretary-General should be requested to submit an annual report to the General Assembly, through the Committee on Contributions, on the status of Member States' payment plans as at 31 December each year.

23. The Committee further recommended that, for those Member States that are in a position to submit a payment plan, the Committee on Contributions and the General Assembly should take the submission of a plan and its status of implementation into account as one factor when they consider requests for exemption under Article 19.

B. Indexation of and interest on arrears

24. The Committee recalled and reaffirmed its conclusions and recommendations at its sixty-first session concerning the question of indexation of and interest on arrears.[2] In that connection, it recalled in particular its conclusion that, if the General Assembly decided to introduce interest charges on arrears, the rate should be fixed at a low level and should not have retroactive effect. The Committee felt that this annual rate should not exceed 1 per cent.

C. Budgetary surpluses

25. The Committee recalled its consideration at its fifty-ninth and sixty-first sessions of the proposal that budgetary surpluses should be credited only to those Member States that are current with their financial obligations to the Organization.

26. The Committee noted the approach to that suggestion proposed in the Secretary-General's report (A/57/76). The Committee also noted that, in the event that the General Assembly decided to proceed with that idea, there were a variety of

options for the disposition of the part of the surplus that, under current practice, goes as credits to Member States that have not met their financial obligations to the Organization in full. Some of these are outlined in paragraph 43 of the Secretary-General's report.

27. Members of the Committee did not agree on the merits of the suggestion or on the proposals for its implementation but agreed that the Committee could revert to the matter should the General Assembly decide to proceed with it.

V. Application of Article 19 of the Charter

28. The Committee recalled its general mandate, under rule 160 of the rules of procedure of the General Assembly, to advise the Assembly on the action to be taken with regard to the application of Article 19 of the Charter. It also recalled the decisions in Assembly resolution 54/237 C regarding procedures for consideration of requests for exemption under Article 19 and the results of its recent review of that subject, including at its fifty-eighth to sixty-first sessions and at its special session in 1999.

Requests for exemption under Article 19

29. The Committee recalled that, in its resolution 54/237 C, the General Assembly, inter alia, had urged all Member States in arrears requesting exemption under Article 19 to provide the fullest possible supporting information, including information on economic aggregates, government revenues and expenditure, foreign exchange resources, indebtedness, difficulties in meeting domestic or international financial obligations and any other information that might support the claim that failure to make necessary payments had been attributable to conditions beyond the control of the Member States. The Assembly also decided that requests for exemption under Article 19 must be submitted by Member States to the President of the General Assembly at least two weeks before the session of the Committee so as to ensure a complete review of the requests.

30. The Committee noted that, on the basis of the latter provision, requests for exemption under Article 19 should have been received by the President of the General Assembly by 17 May 2002 for consideration by the Committee at its sixty-second session. It also noted that an announcement to that effect was included in the *Journal of the United Nations* from 1 March to 17 May 2002. Seven requests for exemption under Article 19 were received by the time specified in the resolution and one subsequently. This compares with three received in 2001 within the time frame specified, seven in 2000 and 11 in 1999.

31. **The Committee noted that four of the Member States requesting exemption under Article 19 had presented multi-year payment plans for the payment of their arrears, and it encouraged all Member States requesting an exemption under Article 19 to consider presenting a payment plan if they are in a position to do so, taking into account the recommendations in paragraphs 17 to 23 above.**

32. In considering the requests presented within the time frame specified by the General Assembly, the Committee had before it information provided by the seven

Member States concerned and the Secretariat. It also met with representatives of the Member States, as well as a representative of the Organization of African Unity (OAU) and representatives of relevant units of the Secretariat.

33. **In order to facilitate early action on these requests for exemption under Article 19 and in accordance with its past practice, the Committee authorized its Chairman to convey to the General Assembly without delay the related section of its report.**

1. Burundi

34. The Committee had before it the text of a letter dated 21 May 2002 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 21 May 2002 from the Permanent Representative of Burundi to the United Nations, in which he requested an exemption for Burundi under Article 19 of the Charter.

35. **The Committee recalled that the General Assembly, in its resolution 54/237 C, decided that requests for exemption under Article 19 must be submitted by Member States to the President of the General Assembly at least two weeks before the Committee's session so as to ensure a complete review of the requests. As the Permanent Representative's letter had been received less than two weeks before its session, the Committee decided that it could take no action on Burundi's request.**

2. Comoros

36. The Committee had before it the text of a letter dated 15 May 2002 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 13 May 2002 from the Chargé d'affaires a.i. of the Permanent Mission of the Comoros to the United Nations. It also heard an oral representation by the Chargé d'affaires a.i. of the Permanent Mission of the Comoros to the United Nations.

37. In its written and oral representations, the Comoros made reference to the devastating impact of the separatist crisis in Anjouan, one of the four islands of the Comoros archipelago, on the fragile economic, social and political situation of the country. The Fomboni Agreement between the Government and separatist leaders, signed in February 2001, provided for a new Comorian State with a new Constitution and institutions. The establishment of the new Comorian State, to be called the Union of the Comoros, was accepted by a referendum held in December 2001 and an interim Government of transition was established in January 2002.

38. Despite this progress, the interim Government is facing obstacles to the achievement of its mandate and the country's very limited resources are being devoted to the establishment of the country's new institutions. In the circumstances, it was not possible to say now whether the Comoros would be able to make any payments to the United Nations this year.

39. The Committee noted that the Comoros was negotiating a repayment schedule for its outstanding contributions to OAU. It was informed, however, that it was not possible at this stage to say whether a similar schedule could be presented to the United Nations. The Committee also noted the serious economic problems of the country, which was heavily dependent on a few export crops and faced high rates of

poverty. This, together with the separatist crisis, had a serious effect on government revenues.

40. **Accordingly, the Committee concluded that the failure of the Comoros to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that the Comoros be permitted to vote until 30 June 2003.**

3. Georgia

41. The Committee had before it the text of a letter dated 14 May 2002 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 14 May 2002 from the Permanent Representative of Georgia to the United Nations, transmitting a letter dated 4 May 2002 from the Minister for Foreign Affairs of Georgia. The Committee also heard an oral representation from a representative of Georgia.

42. In its written and oral representations, Georgia referred to the serious impact on its economy and government budget of assisting 300,000 refugees and internally displaced persons from the "frozen conflicts" in Abkhazia and Tskhinvali. Related costs and other social expenses accounted for about 25 per cent of State budget expenditures. In addition, the country had suffered severe droughts in 1998, 2000 and 2001, with crop failures and energy shortages. Other negative factors had been an increase in energy import prices and the financial crisis of 2001 in Turkey, Georgia's largest trading partner. In addition, a major earthquake hit the capital, Tbilisi, on 25 April 2002. That left many people homeless and damaged important administrative buildings, health facilities and schools. Georgia also recalled that its arrears to the United Nations reflected in part the unfair rates of assessment that had been fixed following the dissolution of the Union of Soviet Socialist Republics.

43. Despite all those factors, Georgia emphasized that it placed the greatest importance on its cooperation with the United Nations and remained committed to meeting its financial obligations to the Organization. Current problems obliged it to revise the schedule of payments to the United Nations that it had transmitted to the General Assembly in 2001. Information on the revised and previous schedules and payments by Georgia is presented below:

	Schedule proposed in:				
	2000	*2001*	*2002*		
	(United States dollars)			*New assessments*	*Payments*
2000	180 000			116 120	131 000
2001	707 104	801 390		87 686	300 000
2002	707 104	711 549*	671 818	70 363	0
2003	707 104	711 549*	1 260 272*		
2004	1 060 656	1 067 324*	1 260 272*		
2005	1 060 656	1 067 324*	1 260 272*		
2006	1 414 208	1 423 094*	1 260 272*		
2007	1 414 208	1 423 094*	1 260 272*		

* Plus contributions for the current year.

Despite urgent requirements following the earthquake in Tbilisi, the Government expected to meet the scheduled payment in 2002 and hoped to be able to avoid further revisions of the schedule in future.

44. The Committee noted the continuing problems facing Georgia, including the continuing separatist problems and conflict in neighbouring regions, which had a serious impact on the economy and Government revenues, as well as on Government expenditures. It also noted that Georgia was working to resolve problems with its external debt and that, in the longer term, there were promising possibilities in the energy sector and greater donor interest in the region.

45. The Committee noted Georgia's stated commitment to meet its financial obligations to the United Nations and encouraged it to make all efforts to do so.

46. **Based on the information provided, the Committee concluded that the failure of Georgia to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Georgia be permitted to vote until 30 June 2003.**

4. Guinea-Bissau

47. The Committee had before it the text of a letter dated 19 September 2001 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 5 September 2001 from the Permanent Representative of Guinea-Bissau to the United Nations, the text of a letter dated 5 September 2001 from the Permanent Representative of Guinea-Bissau to the United Nations addressed to the Chairman of the Fifth Committee, a letter dated 5 October 2001 from the President of the General Assembly to the Permanent Representative of Guinea-Bissau to the United Nations, a letter dated 2 October 2001 from the Chairman of the Fifth Committee to the Permanent Representative of Guinea-Bissau to the United Nations and a letter dated 27 September 2001 from the Chairman of the Committee on Contributions to the President of the General Assembly. It also heard an oral representation by the Permanent Representative of Guinea-Bissau to the United Nations.

48. In its written and oral representations, Guinea-Bissau emphasized the disastrous impact in 1998 of armed conflict in the country, which resumed in 1999, on what was already one of the poorest countries in the world. As a result of the conflict, 25 per cent of the population was internally displaced or had left the country. The country's economy, which is heavily dependent on agriculture and fisheries, had also suffered from the conflict. The fishery industry was dominated by illegal fishing, and this year's cashew crop, the main source of State revenues, was projected to drop by half. Government revenue was currently running at only about $300,000 per month, and the Government had had serious difficulty in meeting its financial obligations internally and externally. While the Government wished to meet its financial obligations to the United Nations, it was currently not possible for it to do so.

49. The Committee noted that the conflict in Guinea-Bissau was over but that it had had a great impact on the economic situation, which was very grave. Government revenue was low and unstable, as it was primarily based on the cashew crop, and covered only about one third of budget requirements. The country was heavily dependent on foreign assistance, and efforts were being made to mobilize

further help. Although the International Monetary Fund (IMF) had suspended its programme for Guinea-Bissau and donors were showing wariness, efforts were being made to respond to related concerns.

50. The Committee noted that Guinea-Bissau was negotiating a repayment schedule for its outstanding contributions to OAU. It was informed, however, that, while the Government would like to consider a schedule of payments of its arrears to the United Nations, it was not in a position to do so, given its present situation.

51. **The Committee concluded that the failure of Guinea-Bissau to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Guinea-Bissau be permitted to vote until 30 June 2003.**

5. The Republic of Moldova

52. The Committee had before it the text of a letter dated 15 May 2002 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 15 May 2002 from the Permanent Representative of the Republic of Moldova to the United Nations requesting an exemption under Article 19. It also had before it the text of a letter dated 16 May 2002 from the Permanent Representative of the Republic of Moldova to the United Nations addressed to the Chairman of the Committee on Contributions. It also heard an oral representation from a representative of the Republic of Moldova.

53. In its written and oral representations, the Republic of Moldova made reference to the continuing separatist crisis in the eastern regions. That had led to a serious loss of revenue for the Government, estimated at about $200 million. As a landlocked, low-income country heavily dependent on energy imports, the Republic of Moldova had also been vulnerable to external developments. A sharp increase in the price of imported energy had had a serious impact on the economy, as had the economic and financial crisis in the Russian Federation in 1998. Although there had been some improvement in the economy, the level of external debt was a serious problem and the Government was in negotiations with its creditors. Following negotiations with the World Bank, the Government was also hopeful that a Structural Adjustment Credit (SAC-III) would be approved soon. That was a precondition for the resumption of credits from IMF, which had been blocked in 2001. While the Republic of Moldova remained committed to honouring its financial obligations to the United Nations, it was not in a position to do so immediately.

54. The Committee noted the serious economic, social and political problems facing the Republic of Moldova. It recalled that the Republic of Moldova had presented a revised schedule of payments in 2001 and that it had paid $160,132 in 2001 and $401,413 so far in 2002, as reflected in the table below:

	Schedule proposed in:				
	1996	1999	2001		
	(United States dollars)			New assessments	Payments
1996	1 000 000			1 197 578	500 000
1997	1-1.2 million			1 074 490	1 984 362
1998	1-1.2 million			550 207	1 754 730
1999	1-1.2 million			233 775	0
2000	1-1.2 million	500 000		161 436	289 503
2001	1-1.2 million	558 947	180 000	38 395	160 132
2002	1-1.2 million	700 000	500 000	28 147	401 413
2003		700 000	800 000		
2004		700 000	820 000		
2005			1 000 000		

The Committee welcomed the efforts of the Republic of Moldova to meet its financial obligations to the United Nations and encouraged it to continue such efforts.

55. **Based on its review of the information provided, the Committee concluded that the failure of the Republic of Moldova to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that the Republic of Moldova be permitted to vote until 30 June 2003.**

6. Sao Tome and Principe

56. The Committee had before it the text of a letter dated 17 May 2002 from the Acting President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 17 May 2002 from the Chargé d'affaires a.i. of the Permanent Mission of Sao Tome and Principe to the United Nations. It also heard an oral representation by the Chargé d'affaires a.i. of the Permanent Mission of Sao Tome and Principe to the United Nations.

57. In its written and oral representations, Sao Tome and Principe recalled that it had been one of the Member States most adversely affected by the 0.01 per cent floor in United Nations scales of assessments prior to 1998. Its population was only 130,000, and incomes were very low. External debt of about $300 million was proportionately very high, and monetary reserves were low. A new Government had been elected recently and efforts were being made to reach agreement with IMF, following suspension of payments under a previously agreed programme.

58. The Government indicated its intention to meet its financial obligations to the United Nations. In that context, it put forward the following plan of payment:

Year	Amount (United States dollars)
2002	27 237
2003	42 237
2004	59 237
2005	74 237
2006	89 237
2007	114 237
2008	134 237
2009	153 752

It confirmed its intention to make the first payment under the plan by the next session of the General Assembly.

59. Some members expressed doubts about the case of Sao Tome and Principe for an exemption, given its relative stability and absence of natural disasters or other exceptional circumstances. They noted that Sao Tome and Principe faced penalties at OAU as a result of non-payment of contributions. They recalled that Sao Tome had made no payments since 1996. Other members noted the severe economic problems and poverty besetting Sao Tome and Principe and the small size of its economy and considered that its failure to pay the amounts necessary to avoid the application of Article 19 was clearly beyond its control. The Committee noted that the bulk of Sao Tome and Principe's arrears was attributable to the old floor.

60. The Committee welcomed the intention of Sao Tome and Principe to meet its financial obligations to the United Nations, as evidenced by its payment plan.

61. The Committee noted that a new Government was in place following presidential elections in 2001 and legislative elections in 2002, and that efforts were being made to establish policies for tackling the country's real economic difficulties. While there were prospects of significant oil revenues, these were unlikely to be available until 2005. In the meantime, the economy depended on agriculture and fisheries, and there was a grave problem of poverty. The development of tourism was hindered by health concerns and the high cost of travel.

62. **Having reviewed the information provided, the Committee concluded that the failure of Sao Tome and Principe to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Sao Tome and Principe be permitted to vote until 30 June 2003.**

7. Somalia

63. The Committee had before it the text of a letter dated 16 May 2002 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 16 May 2002 from the Permanent Representative of Somalia to the United Nations. It also heard an oral representation by the Permanent Representative of Somalia to the United Nations.

64. In its written and oral representations, Somalia referred to the civil war that had broken out in 1990, which had led to the collapse of central authority and the

destruction of national institutions and infrastructure. At a civil society conference in Arta, Djibouti, in August 2000, a Parliament and Head of State had been elected and a Transitional National Government had been formed for a period of two years. The Government did not currently exercise control over all its territory, with warlords in control of some areas and a separatist movement in the north. In addition, the assets of the country's major bank had been frozen following the events of 11 September 2001, a number of trading partners had banned livestock exports from Somalia and the biggest commercial market in Mogadishu had burned down in April, with serious economic losses. The country was also suffering from a serious drought. Accordingly, Somalia had been unable to pay its contributions to the United Nations.

65. The Committee noted the daunting problems facing Somalia. Despite efforts by the Government and the international community, the political and security situation remained very difficult and the Government had few sources of revenue for any purpose. The Committee also noted that OAU had suspended sanctions on Somalia for non-payment of its contributions without the prior negotiation of a payment schedule. The Committee noted that the circumstances facing Somalia were likely to persist for some time and that short-term action to clear its arrears was, as a consequence, highly unlikely.

66. The Committee concluded that the failure of Somalia to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Somalia be permitted to vote until 30 June 2003.

8. Tajikistan

67. The Committee had before it the text of a letter dated 1 May 2002 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 30 April 2002 from the Permanent Representative of Tajikistan to the United Nations. It also heard an oral representation by the Permanent Representative of Tajikistan to the United Nations.

68. In its written and oral representations, Tajikistan referred to its continuing security problems. Although the situation in Afghanistan, a neighbouring country, was more stable, there was a significant problem with smuggling of drugs and arms. The Government had to devote resources to dealing with this problem and was receiving help from neighbouring and other countries. Although the economic situation had improved somewhat, this followed a period of conflict and natural disasters, and the country still had grave problems of poverty and an external debt of more than $1 billion. Agreement had been reached with its main creditors on rescheduling part of this debt.

69. Despite its continuing problems, Tajikistan placed great importance on its relationship with the United Nations and the specialized agencies. It recalled that Tajikistan's initial assessment rate, following the dissolution of the Union of Soviet Socialist Republics, had been unfairly high, and that explained the continuing problem of arrears to the United Nations. Despite that, Tajikistan had submitted a schedule of payments to the General Assembly in 2000 and was meeting and exceeding that schedule.

70. The Committee noted the continuing problems facing Tajikistan. It was one of only four countries in which the United Nations maintained a peace-building office, the United Nations Tajikistan Office of Peace-building (UNTOP). Economically, Tajikistan met many criteria as a least developed country and external debt stood at more than 90 per cent of gross domestic product. More than 80 per cent of the population was below the poverty line and the country was landlocked, with limited export outlets. Although a hydropower project provided some promise for the future, the country's economic situation remained grave.

71. The Committee noted with appreciation that Tajikistan's payments were actually exceeding the payment schedule that it had submitted to the General Assembly in 2000, as indicated below, and welcomed an indication that it would continue to do so, if possible.

	Schedule proposed in 2000	*New assessments*	*Payments*
2000	65 251	63 507	200 866.00
2001	67 822	18 727	295 000.00
2002	67 822	14 068	135 926.65
2003	67 822		
2004	67 822		
2005	67 822		
2006	203 466		
2007	203 466		
2008	203 467		
2009	203 467		
2010	203 467		

72. Based on the information provided, the Committee concluded that the failure of Tajikistan to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Tajikistan be permitted to vote until 30 June 2003.

VI. Appeals by Members for a change of assessments

A. Afghanistan

73. The Committee had before it the text of a letter dated 21 February 2002 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 23 January 2002 from the Permanent Representative of Afghanistan to the United Nations, in which he requested a reduction of his country's rate of assessment.

74. In its written and oral representations, Afghanistan expressed its dissatisfaction with the rate of assessment in the scale for 2001-2003. In this connection, it recalled that Afghanistan was on the list of least developed countries; that its economic infrastructure was in ruins after 23 years of armed conflict and foreign aggression; that Afghanistan's human development index ranking was among the lowest in the

world; that the General Assembly regularly adopted resolutions calling for emergency international assistance for Afghanistan; and that the country was currently suffering from a calamitous drought. While recent developments were much more promising, the situation was still fragile, the problems facing the country were enormous and pledged support was slow in arriving. In any case, the scale was based on the period 1993-1998, and there was no justification for the increase in Afghanistan's rate of assessment from 0.003 per cent in 2000 to 0.009 per cent in 2003. Accordingly, it was requesting a reduction of its rate of assessment for 2003.

75. The Committee noted the paucity of statistics for Afghanistan, especially reliable statistics, given the enormous problems that the country had faced. The most recent data available when the Committee had reviewed the scale in 2000 were for 1990, and more recent data had had to be extrapolated using growth rates published by IMF. Using these derived data and PARE produced the result reflected in the scale of assessments for 2001-2003, together with other factors such as the lowering of the ceiling.

76. The most recent data available were still for 1990, but, in the meantime, the IMF publication has dropped the growth rate indicators used by the Committee on Contributions in preparing the scale. Using alternative indicators produced by the Economic and Social Commission for Asia and the Pacific led to significantly lower income figures for Afghanistan. Given the situation of Afghanistan, the Committee also decided to apply United Nations operational rates of exchange, rather than PARE, in re-evaluating Afghanistan's rate of assessment for 2003, as they reflect better the reality of the situation of Afghanistan.

77. **Accordingly, the Committee recommended to the General Assembly that the rate of assessment for Afghanistan in 2003 be reduced to 0.001 per cent, as an ad hoc correction of its rate in the current scale of assessments. The Committee will also review the situation of Afghanistan carefully when considering the scale of assessments for the period 2004-2006.**

B. Argentina

78. The Committee had before it the text of a letter dated 14 May 2002 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting letters dated 10 May 2002 and 24 May 2002 from the Permanent Representative of Argentina to the United Nations addressed to the Chairman of the Committee on Contributions. It also heard an oral representation by the Permanent Representative of Argentina to the United Nations.

79. In its written and oral representations, Argentina provided information concerning its current unprecedented economic crisis. Following a period of dynamic expansion in the 1990s, the Argentine economy had fallen into recession in mid-1998. From 2001, however, the recession had become a depression, with GDP shrinking by 4.5 per cent in 2001 and investment falling by 15.9 per cent. Those trends had also been manifested in a financial and banking crisis and, in December 2001, a first freeze on bank deposits. The Government had also been forced to suspend payments on all its public debt and break the one-to-one link between the peso and the United States dollar, with an initial 40 per cent devaluation of the peso. The exchange rate was now floating, and currently stood at about 3.8 pesos to the dollar, although restrictions on bank withdrawals were still in effect. IMF

projections anticipated a further contraction of the Argentine economy in 2002, of 10 to 15 per cent, and no real growth before 2004. The current depression had already led to a steep rise in unemployment, 18.3 per cent by the end of 2001, and poverty, with 35 per cent of the residents of greater Buenos Aires below the poverty line.

80. Given the unprecedented nature of the crisis and the recent large increases in its rate of assessment, Argentina requested a reduction of its rate of assessment for 2003, under the provisions of rule 160 of the rules of procedure of the General Assembly, on the basis that its capacity to pay was substantially reduced. It also requested that its placement for the purposes of peacekeeping assessments be lowered from level F, given the reduction in its per capita GNI.

81. As regards Argentina's request for placement in another level for the purpose of peacekeeping assessments, the Committee recalled that it had no mandate to consider the system of adjustments for establishing peacekeeping rates of assessment.

82. The Committee expressed sympathy for Argentina's situation, and a variety of different views and concerns were expressed about how best to respond to its request.

83. Several members considered that the situation clearly fell under the provisions of the second sentence of rule 160 of the rules of procedure of the General Assembly, regarding "substantial changes in relative capacity to pay".

84. On the other hand, concern was expressed that changing Argentina's rate of assessment under the second sentence of rule 160 without clear and objective criteria would create an unfortunate precedent and would lead to a proliferation of such requests. It was recalled that other Member States facing severe economic problems had either been refused a reduction of their rates of assessment or had decided not to request a decrease, since the reduction in their GNI would lead to lower assessment rates in future scales. Another view was that the readjustment of the present rate of assessment would de facto affect the next scale of assessments.

85. In general, however, the Committee agreed that the situation of Argentina was indeed extraordinary and the result of a chain of events that were exceptional in nature, with compounded negative effects over the last four years, and that some measure of relief was appropriate. In that context, the Committee recognized that, unlike the situation of Afghanistan, this was not a problem of availability of reliable data. The economic crisis facing Argentina had begun after the base period for the current scale. In the view of some members, it was therefore difficult to fit any relief measure within the methodology for the current scale.

86. The Committee expressed concern that whatever measure was adopted should not undermine the current scale methodology. The Committee therefore did not agree to the suggestion that the scale should be adjusted on the basis of projected future income figures. It recalled, however, that under the current scale, Argentina had picked up points, as it was above the threshold for the low per capita income adjustment. The Committee therefore considered reducing or eliminating that increase in points as an ad hoc measure of relief for Argentina in 2003. It also considered retroactively applying PARE to Argentina's data for 1996 to 1998, in line with the adjustment of the Member States listed in paragraph 96 of the Committee's report on its sixtieth session.[3]

87. Some members did not share the view that the use of PARE as a conversion rate for the calculation of Argentina's GNI fell within the methodology of the current scale of assessments. They felt that 0.969 per cent, Argentina's share of total membership GNP in the *period 1993-1998, was a more appropriate figure* for an ad hoc adjustment.

88. Some members of the Committee noted that the case of Argentina illustrated that, for the purposes of the future consideration of the elements of the methodology of the scale of assessments, a base period subject to annual recalculation, and based on the most updated economic data available, would considerably limit the scope for requests for the change of assessments due to economic developments subsequent to the establishment of the scale. Other members expressed dissenting views.

Conclusions and recommendations

89. **The Committee on Contributions recalled its role, under rule 160 of the rules of procedure of the General Assembly, of advising the Assembly on appeals by Members for a change of assessments.**

90. **The Committee agreed that Argentina's capacity to pay had been seriously affected by recent developments, which were sufficiently exceptional in terms of economic, financial and social disruption to warrant consideration in that context.**

91. **The Committee observed that those developments had taken place after the base period used in the preparation of the scale of assessments for the period 2001-2003.**

92. **The Committee recalled that the application of the methodology for the preparation of the current scale of assessments involved an increase from 0.969 per cent, Argentina's share of total membership GNP in the period 1993-1998, to 1.149 per cent, its rate of assessment for 2003.**

93. **The Committee recommended that the General Assembly fix a rate of assessment for Argentina of 0.969 per cent in 2003 as an ad hoc adjustment.**

94. Some members of the Committee, while not wishing to hinder the attainment of consensus on this issue, expressed their preference for the use of the current PARE methodology in order to estimate a more appropriate rate of assessment for Argentina for 2003. They noted that this would be the most appropriate solution from a technical point of view, falling within the methodology for the current scale of assessments. They also noted that this approach would yield a rate of assessment of 0.88342 per cent in 2003.

VII. Assessment of non-member States

95. The Committee recalled that, at its sixty-first session, it had requested the Chairman to seek an opinion from the Legal Counsel for its sixty-second session about the possibility of adding Members' non-member State arrears to their Member State arrears, so that they could be taken into account in calculations for the application of Article 19 or any other incentive or disincentive measures that the General Assembly might introduce in the future.

96. In response to a letter from the Chairman, the Assistant Secretary-General for Legal Affairs advised that any measure that is taken against a Member State that has not fulfilled its financial obligations towards the Organization must be consistent with the Charter, and in particular Article 19.

97. Under Article 19, any measure against a Member that is in arrears may be taken only on the basis of financial contributions apportioned to it as a Member. Thus, arrears of Member States cannot for purposes of Article 19 of the Charter be aggregated with any arrears in contributions that those States may have been required to make to the Organization during the period when they were not Members of the United Nations.

98. As regards other incentive or disincentive measures that the General Assembly might introduce in future, these are within the competence of the Assembly provided they are consistent with Article 19 and other provisions of the Charter. Any such measures that the Assembly may introduce ought not to be retroactive in nature. The Committee took note of this advice.

99. The Committee noted with satisfaction that two of the Member States that had had outstanding non-member State arrears during its sixty-first session (the Democratic People's Republic of Korea and Kiribati) had paid these amounts in full. Accordingly, there were now only two Member States (Tonga and Viet Nam) that still had outstanding non-member State contributions that had been assessed prior to their membership in the Organization.

100. The Committee recalled that, at its sixty-first session, it had decided to consider the question of the assessment of non-member States further at its sixty-third session, in 2003; that would also conform to the normal quinquennial review cycle. It noted that, by next year, there might be only one non-member State, the Holy See, subject to assessment if Switzerland is admitted to membership of the Organization. In that context, it recalled its request to the Secretariat to consult with non-member States, prior to the Committee's review, on a possible simplified methodology for the assessment of non-member States.

VIII. Assessment of new Member States

101. The Committee noted that in a letter dated 20 May 2002 to the Secretary-General (A/56/953-S/2002/558, annex), the President and the Prime Minister of the Democratic Republic of East Timor had applied for the admission of East Timor as a Member of the United Nations. The Committee also noted indications that Switzerland would apply for membership of the United Nations before the end of the year.

102. The Committee recalled that under rule 160 of the rules of procedure of the General Assembly, it is mandated to advise the Assembly on assessments to be fixed for new Members.

103. The Committee noted that, based on available data, the rate of assessment for East Timor for 2001-2003 would have been at the floor level of 0.001 per cent. The Committee recalled that, at its sixtieth session, it had considered the appropriate notional assessment rate for Switzerland as the basis for the calculation of its flat annual fee as a non-member State. The Committee also recalled that, in its resolution 55/5 B, the General Assembly had fixed the notional assessment rate for

Switzerland in 2001-2003 at 1.274 per cent, based on the scale that it adopted for the period.

104. The Committee recalled that, in its decision 47/456 of 23 December 1992, the General Assembly decided to allocate one twelfth of a new Member State's rate of assessment per full calendar month of membership as the basis of assessment for the year of admission. Such assessments are recorded as miscellaneous income. The Committee noted that this practice has been followed since then.

105. The Committee noted that, should the General Assembly admit East Timor and Switzerland to membership of the United Nations, and should it decide to fix their rates of assessment for 2002 and 2003 during its fifty-seventh session, in 2002, the rates of assessment for East Timor and Switzerland would be added to the scale of assessments for 2003. In that event, the scale would add up to more than 100 per cent in 2003, and, in accordance with established practice, the effective rates of assessment of all Member States would be lower than their nominal rates. The Committee noted that, in that event, effective rates of assessment in 2003 for Member States affected by the ceiling, the least developed country ceiling and the floor under the current scale methodology would be assessed at an effective rate lower than the levels set under the scale methodology. Some members expressed concern at this result. The Committee noted that the scale methodology was applied in setting rates for the initial scale adopted by the General Assembly and that the clearly established practice for subsequent interim adjustments, including the admission of new Member States during the scale period, was as outlined above, pending re-establishment of a 100 per cent scale for the next scale period.

106. **In the event that Switzerland applies for admission to the United Nations and that the General Assembly takes action to admit East Timor and Switzerland as Members of the United Nations before the end of 2003, the Committee authorized its Chairman to bring to the attention of the General Assembly its conclusion that the rate of assessment for East Timor as a Member of the Organization should be 0.001 per cent for 2002 and 2003 and that for Switzerland 1.274 per cent.**

IX. Arrears of the former Yugoslavia

107. In its resolution 56/243 B, the General Assembly requested the Committee on Contributions to consider the issues raised in the Secretary-General's letter dated 27 December 2001 to the President of the General Assembly (A/56/767) concerning the arrears of the former Yugoslavia and to report thereon to the General Assembly at its fifty-seventh session. The Assembly also decided to consider the matter at its fifty-seventh session, taking into account the views of the Committee on Contributions thereon.

108. In considering this question, the Committee also had before it the text of a letter dated 29 May 2002 from the Permanent Representatives of Bosnia and Herzegovina, Croatia, Slovenia, the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia to the United Nations addressed to the Chairman (see annex), and was assisted by a representative of the Office of Legal Affairs.

109. The Committee noted that the former Yugoslavia, which was admitted to membership of the United Nations in 1945, ceased to be a Member of the

Organization on 1 November 2000, when the Federal Republic of Yugoslavia was admitted to membership. At that time, the outstanding contributions of the former Yugoslavia totalled $16,226,613, and there was an outstanding credit in the special account for the United Nations Transition Assistance Group (UNTAG) of $1,846 and an advance to the Working Capital Fund of $26,000. The application of credits subsequently authorized by the General Assembly in respect of the unencumbered balances of peacekeeping accounts for prior periods for which assessments had been issued to the former Yugoslavia brought the total amount currently outstanding to $16,218,555. The Committee noted that this amount might be slightly reduced following action currently pending by the General Assembly on the distribution of credits from unencumbered balances of a number of completed peacekeeping missions, for which the former Yugoslavia had been assessed. The credit in the UNTAG account and the advance to the Working Capital Fund remain unchanged.

110. The Committee noted that the arrears of the former Yugoslavia consisted of amounts arising both before and after the final dissolution of the Socialist Federal Republic of Yugoslavia. The respective amounts would depend on the exact date of that event, but the Committee noted that an illustrative calculation indicated that the amounts would be approximately equal. It was noted by the Secretariat that, in accordance with the rules of general international law regarding the succession of States in respect of State debts, the United Nations had the right to seek payment of all or part of the pre-dissolution arrears from the five successor States of the Socialist Federal Republic of Yugoslavia (Bosnia and Herzegovina, Croatia, Slovenia, the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia).

111. The Committee noted that the assessments, payments and credits applicable to the former Yugoslavia had been applied to it as a Member State in accordance with the Financial Regulations and Rules of the United Nations. In particular, payments received have been applied to the oldest outstanding contributions in the relevant accounts, in accordance with financial regulation 5.6. Should the General Assembly decide to seek payment of all or part of the arrears of the former Yugoslavia, it will be necessary to adjust the accounts to reflect the successive transfer of liabilities to successor States in accordance with their dates of succession and the relative shares that may be agreed.

112. As regards the arrears of the former Yugoslavia that arose subsequent to the dissolution of the Socialist Federal Republic of Yugoslavia, the Committee noted that, as outlined in the annex to the Secretary-General's letter (A/56/767), during the period from 1992 to 2000, the Federal Republic of Yugoslavia repeatedly claimed to represent the former Yugoslavia. In that context, the Committee noted that the Federal Republic of Yugoslavia also made payments to the United Nations in 1996, 1997 and 1998 in respect of assessments for the former Yugoslavia. The Committee was advised that, having claimed for its benefit and availed itself of the rights of the former Yugoslavia as a Member of the United Nations, the Federal Republic of Yugoslavia could now be considered to be estopped from denying responsibility for the arrears of the former Yugoslavia arising after the final dissolution of the Socialist Federal Republic of Yugoslavia. It was indicated to the Committee that the United Nations therefore had the right to seek payment from the Federal Republic of Yugoslavia of all or part of the post-dissolution arrears of the former Yugoslavia.

113. It was also indicated to the Committee that, in its resolution 777 (1992) of 19 September 1992, the Security Council had indicated that it considered that the Federal Republic of Yugoslavia (Serbia and Montenegro) could not continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in the United Nations and recommended to the General Assembly that it decide that the Federal Republic of Yugoslavia (Serbia and Montenegro) should apply for membership in the United Nations and that it should not participate in the work of the General Assembly. In its resolution 47/1 of 22 September 1992, the General Assembly took the same position. A similar position was taken with regard to the participation of the Federal Republic of Yugoslavia (Serbia and Montenegro) in the Economic and Social Council in Security Council resolution 821 (1993) of 28 April 1993 and General Assembly resolution 47/229 of 29 April 1993.

114. The Committee also noted that, in their letter dated 7 September 2001 addressed to the Under-Secretary-General for Management (A/56/767, annex, appendix II), the Permanent Representatives of the five successor States of the Socialist Federal Republic of Yugoslavia indicated that the Socialist Federal Republic of Yugoslavia had ceased to exist and that some of them had already indicated in official statements that there was no basis for the assessment of a contribution for a State that had ceased to exist. All five successor States therefore believed that these arrears should be written off. In their letter dated 19 November 2001 to the Under-Secretary-General for Management (A/56/767, annex, appendix III), the Permanent Representatives of the five successor States maintained that, the Socialist Federal Republic of Yugoslavia having ceased to exist in 1992, the former Yugoslavia should have ceased ipso facto to be a Member of the United Nations as from that time. The fact that the former Yugoslavia continued to be treated as a Member State and to be assessed for contributions was a misleading approach, which should bear no legal consequences for other Member States, in particular for the five successor States of the Socialist Federal Republic of Yugoslavia. The contributions assessed to the former Socialist Federal Republic of Yugoslavia should accordingly be written off. The Permanent Representatives of the five successor States reiterated these arguments in their letter dated 29 May 2002 to the Chairman of the Committee on Contributions (see annex). They went on to reiterate in that letter their joint position that the contributions assessed to the former Socialist Federal Republic of Yugoslavia should be written off.

115. The Committee noted in this connection that, while the five successor States clearly took the view that arrears of the former Yugoslavia arising after the dissolution of the Socialist Federal Republic of Yugoslavia should be written off, their position with regard to arrears that arose prior to the final dissolution of the Socialist Federal Republic of Yugoslavia was less clear.

116. As regards post-dissolution arrears, some members of the Committee felt that the restrictions on the rights of the former Yugoslavia, following the adoption of General Assembly resolutions 47/1 and 47/229 in 1992 and 1993, respectively, should be taken into account when deciding whether to seek payment of the post-dissolution arrears. The Secretariat indicated, however, that the obligations of Member States were based on membership of the United Nations and not on the exercise of rights thereof.

Conclusions and recommendations

117. The Committee concluded that the question of how to treat the arrears of the former Yugoslavia raised a number of legal and political issues that went beyond its competence as a technical advisory body.

118. The Committee also noted that, since the existence of these arrears was itself undisputed, there were no technical grounds for them to be written off, pending the resolution of the legal and political issues involved.

119. Should the General Assembly decide to write off some or all of the arrears of the former Yugoslavia, it would need to decide whether to write them off against retained surpluses or against the respective accounts in which they arise.

120. Should the General Assembly decide to seek payment of some or all of the arrears of the former Yugoslavia, it would need to determine the date of the final dissolution of that State in order to determine the amounts of pre- and post-dissolution arrears.

121. Should the General Assembly decide to seek payment of some or all of the pre-dissolution arrears of the former Yugoslavia, it could invite the five successor States to negotiate an agreement on which of them is to meet the debts arising, and in what amounts. In this case, the General Assembly would not need at this stage to consider the question of the relative shares of the successor States, as it would be inviting them to negotiate an agreement on the matter. In this context, the Committee noted that the five successor States had signed an agreement concerning the assets and liabilities of the Socialist Federal Republic of Yugoslavia, and some members felt that this could be the basis of allocation of the pre-dissolution arrears. The Committee noted, however, that the agreement had not yet entered into force and that it did not specifically refer to the unpaid contributions of the former Yugoslavia to the United Nations.

122. Should the General Assembly decide to seek payment of some or all of the post-dissolution arrears of the former Yugoslavia, the matter would need to be pursued with the Federal Republic of Yugoslavia.

X. Other matters

A. Final budget appropriations for the biennium 2000-2001

123. The Committee noted that in its resolution 56/240 C the General Assembly had approved a final appropriation of $2,561,186,900 for the biennium 2000-2001. In its resolution 56/240 E, the Assembly decided that the required additional assessment of $32,213,600 gross ($25,469,000 net) would be taken into account in the context of determining regular budget assessments for 2003 at its fifty-seventh session, consistent with the provisions of regulation 5.2 (*a*) and (*b*) of the Financial Regulations of the United Nations. In the same resolution, the Assembly also invited the Committee on Contributions to proffer its recommendations on the appropriate scale of assessments to be used, in keeping with the provisions of the Financial Regulations of the United Nations.

124. The Committee noted that, consistent with regulation 5.1 and resolutions of the General Assembly concerning the budget and the apportionment of the expenses of the United Nations, the annual assessment for the regular budget is based on the scale of assessments for that year. The amount of the assessment is based on half of the biennial appropriation covering that year, subject to the adjustments provided for in regulation 5.2. These adjustments include supplementary appropriations for which assessments have not previously been issued, as well as corresponding reductions when the revised or final appropriations are lower than those earlier approved by the General Assembly. Although the regulation does not specify that such supplementary appropriations may be for prior financial periods, it certainly does not preclude the possibility. Furthermore, this has been the consistent practice of the General Assembly in its resolutions on the financing of appropriations.

125. **The Committee therefore recommended to the General Assembly that, consistent with financial regulations 5.1 and 5.2 and past decisions of the Assembly, the additional assessment in respect of the final appropriation for the biennium 2000-2001 should be added to the appropriations to be financed for the year 2003. Accordingly, the rates applied would be those in the scale of assessments for 2003.**

B. Collection of contributions

126. The Committee noted that, at the conclusion of the current session on 21 June 2002, the following 15 Member States were in arrears in the payment of their assessed contributions to the expenses of the United Nations under the terms of Article 19 of the Charter and had no vote in the General Assembly: Afghanistan, the Central African Republic, Chad, Guinea-Bissau, Iraq, Kyrgyzstan, Liberia, Mauritania, the Niger, Sao Tome and Principe, Seychelles, Somalia, Tajikistan, Uzbekistan and Vanuatu. In addition, the following four Member States were in arrears in the payment of their assessed contributions under the terms of Article 19 but had been permitted to vote in the Assembly until 30 June 2002 pursuant to General Assembly decision 55/473 C of 25 July 2001: Burundi, the Comoros, Georgia and the Republic of Moldova. **The Committee decided to authorize its Chairman to issue an addendum to the present report, as necessary.**

C. Payment of contributions in currencies other than United States dollars

127. Under the provisions of paragraph 8 (a) of its resolution 55/5 B, the General Assembly authorized the Secretary-General to accept, at his discretion and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the calendar years 2000, 2001 and 2003 in currencies other than United States dollars.

128. The Committee noted that the Secretary-General had accepted the equivalent of $1,405,375.31 from Cyprus, Morocco and Pakistan in three non-United States dollar currencies acceptable to the Organization in 2001.

D. Representations from Member States

129. The Committee was informed of the text of a letter dated 18 June 2002 from the Permanent Representative of Poland to the United Nations concerning factors affecting his country's capacity to pay. As the letter was received too late for the Committee to consider it at its current session, the Committee decided to consider the information provided at its next session.

E. Date of the next session

130. The Committee decided to hold its sixty-third session in New York from 2 to 27 June 2003.

Notes

[1] See *Official Records of the Fifty-sixth Session, Supplement No. 11* (A/56/11), chap. IV, sect. A.

[2] Ibid., *Supplement No. 11* (A/56/11), paras. 56-60.

[3] Ibid., *Fifty-fifth Session, Supplement No. 11* (A/55/11).

Annex

Letter dated 29 May 2002 from the Permanent Representatives of Bosnia and Herzegovina, Croatia, Slovenia, the former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia to the United Nations addressed to the Chairman of the Committee on Contributions

We are writing to you in your capacity as a Chairman of the Committee on Contributions regarding the issue of the arrears of the former Yugoslavia, which is going to be on the agenda of the session of the Committee this June. Upon instructions from our Governments, we would like once again to convey to you our joint position regarding the outstanding assessed contributions of the former Socialist Federal Republic of Yugoslavia.

The State known as the Socialist Federal Republic of Yugoslavia has ceased to exist and was succeeded by five equal successor States, none of which continued its legal personality. This fact was confirmed by the relevant Security Council and General Assembly resolutions of 1992. Although a dissolved State, which evidently no longer existed, should have ceased to be a Member of the United Nations ipso facto, the Socialist Federal Republic of Yugoslavia continued to be assessed for the contributions.

The dissolution of the former Socialist Federal Republic of Yugoslavia was a continuing process. The exact date when the successor States became independent is different for each of them, and no precise date of the dissolution can be determined.

This situation should have been appropriately reflected in the decisions of the United Nations, including those regarding the assessment of contributions. All five successor States were admitted to the United Nations as new Member States and have since then paid their assessed contributions.

The dissolution of the former Socialist Federal Republic of Yugoslavia was unique, and, indeed, no identical precedent existed. All the previous cases (for example, the break-up of the former Union of Soviet Socialist Republics and Czechoslovakia) were different, and thus the legal consequences were different, and it is quite unlikely the same situation could occur again. However, if a similar situation occurs, the United Nations should find a way to address it in an appropriate manner.

Keeping the Socialist Federal Republic of Yugoslavia, the dissolved State, on the list of the scale of assessments was a misleading approach, which should bear no legal consequences for other Member States. Therefore, all five successor States wish to reiterate once again their joint position that the contributions assessed to the former Socialist Federal Republic of Yugoslavia should be written off.

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